

APPENDIX 4D

Half-year Report for the period ending 31 December 2016

1. Name of entity

RESAPP HEALTH LIMITED

ABN	Reporting Period	Previous Corresponding Period
51 094 468 318	Half year ended 31 December 2016	Half year ended 31 December 2015

2. Results for Announcement to the Market

Financial Results				31 December 2016
Revenues from ordinary activities (<i>item 2.1</i>)	Up	102%	to	66,547
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Down	403%	to	(7,553,278)
Net profit for the period attributable to members (<i>item 2.3</i>)	Down	403%	to	(7,553,278)
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above (<i>item 2.6</i>):	The current loss for the period is mainly attributable to increased research and development costs and share based payment expenses arisen from options issued during the period.			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	1.74 cents	0.53 cents

4. Control gained over entities

Details of entities over which control has been gained or lost (<i>item 4</i>)	N/A
--	-----

5. Dividends paid and payable

Details of dividends or distribution payments (<i>item 5</i>)	No dividends or distributions are payable.
---	--

6. Dividend reinvestment plans

Details of dividend or distribution reinvestment plans (<i>item 6</i>)	There is no dividend reinvestment program in operation for ResApp Health Limited
--	--

7. Details of associates

Details of associates and joint venture entities (<i>item 7</i>)	N/A
--	-----

8. Foreign entities

Foreign entities to disclose which accounting standards are used in compiling the report (<i>item 8</i>)	N/A
--	-----

9. Review Opinion

Details of any audit dispute or qualification (<i>item 9</i>)
There are no audit disputes or qualifications to the review opinion.



ResApp Health Limited

ABN 51 094 468 318

**CONSOLIDATED INTERIM FINANCIAL REPORT
for the half year ended 31 December 2016**

CONTENTS TO FINANCIAL REPORT

Corporate Information	1
Directors' Report	2
Auditor's Independence Declaration	5
Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Interim Statement of Financial Position	7
Consolidated Interim Statement of Changes in Equity	8
Consolidated Interim Statement of Cash Flows	9
Notes to the Consolidated Interim Financial Statements	10
Directors' Declaration	16
Independent Auditor's Review Report	17

CORPORATE INFORMATION

These financial statements are for ResApp Health Limited and its controlled entity (“the Group”). Unless otherwise stated, all amounts are presented in \$AUD.

A description of the Group’s operations and of its principal activities is included in the review of operations and activities in the directors’ report on pages 2 to 4. The directors’ report is not part of the financial statements.

Directors

Dr Tony Keating (*appointed 2 July 2015*)
Dr Roger Aston (*appointed 2 July 2015*)
Mr Chris Ntoumenopoulos (*appointed 21 January 2015*)
Mr Brian Leedman (*appointed 19 February 2016*)

Company Secretary

Ms. Nicki Farley (*appointed 7 November 2012*)

Registered Office

Level 24
44 St Georges Tce
PERTH WA 6000

Principal Place of Business

Level 8
127 Creek St
BRISBANE QLD 4000

Share Registry & Register

Link Market Services Ltd
Level 2, 178 St Georges Tce
PERTH WA 6000

Contact Information

Ph: 08 6211 5099
Fax: 08 9218 8875

Web Site

www.resapphealth.com.au

Auditors

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
WEST PERTH WA 6005

Solicitors

Price Sierakowski Corporate
Level 24, 44 St Georges Tce
PERTH WA 6000

Bankers

National Australia Bank
100 St Georges Tce
PERTH WA 6000

Stock Exchange Listing

ResApp Health Limited
ASX Code: RAP

DIRECTORS' REPORT

The directors of ResApp Health Limited (“the Company”) and its controlled entity (“the Group”) submit herewith the interim financial statements of the Group for the half year ended 31 December 2016.

Directors and Executive Details

The following persons acted as directors of the Group during or since the end of the half year:

Dr Tony Keating (appointed 2 July 2015)
Dr Roger Aston (appointed 2 July 2015)
Mr Chris Ntoumenopoulos (appointed 21 January 2015)
Mr Brian Leedman (appointed 19 February 2016)

Principal Activities

During the half-year, the Company continued the development and commercialisation of the ResApp technology for the purpose of providing digital health care solutions for respiratory disease.

Operating Results

The loss after tax of the Group for the half year ended 31 December 2016 was \$7,553,278 (31 December 2015: loss \$1,500,948).

Review of Operations

Operational Review

On 20 July 2016 the Company announced that it is planning to conduct a clinical study with the Massachusetts General Hospital (MGH) for the ResAppDx US paediatric study. MGH is a 1,000-bed academic medical centre located in Boston, Massachusetts. Each year, MGH admits more than 50,000 patients, delivers nearly 4,000 babies and records 1.5 million outpatient visits, including more than 100,000 Emergency Department visits. In 2015, MGH topped the Nature Index list of health care organizations for most publications in leading scientific journals. MGH has always been among the top few hospitals each year on the U.S. News & World Report list of “America's Best Hospitals.”

On 18 August 2016, the Company announced positive results that demonstrated the potential for measuring the severity of asthma or viral wheeze in children using cough sounds. The Company also announced that it had begun working with two lung function test laboratories, one at Joondalup Health Campus in Perth and one at the Wesley Hospital in Brisbane to record adult asthma and chronic obstructive pulmonary disease (COPD) patients' breathing and cough sounds alongside comprehensive lung function tests.

On 15 September 2016, the Company, in partnership with UniQuest Pty Ltd (the main commercialisation company of The University of Queensland), announced it had shipped smartphones to a leading global humanitarian organisation under the terms of a non-binding memorandum of understanding to field-test ResApp's smartphone-based respiratory disease diagnostic tool in the developing world.

On 3 October 2016, the Company announced further positive results from its adult clinical study at Joondalup Health Campus and the Wesley Hospital. The Company's cough sound-based algorithms achieved between 91% and 100% accuracy for distinguishing adult patients with chronic obstructive pulmonary disease (COPD), asthma or pneumonia from subjects with no discernible respiratory disease. In addition, the new analysis demonstrated accuracy of 100% for distinguishing patients with an upper respiratory tract infection (URTI) from the no respiratory disease group (not previously reported). The differential diagnosis of asthma versus COPD, pneumonia versus asthma and pneumonia versus COPD (not previously reported) was achieved at an accuracy in the range of 88% and 94%. As was found in the paediatric study, the algorithms were able to correctly detect lower

DIRECTORS' REPORT

respiratory tract disease in 84% of adult patients who were initially diagnosed as clear by experienced clinicians using stethoscopes but were finally diagnosed as having a lower respiratory tract disease after additional clinical testing.

On 21 October 2016 the Company announced that it had received its first institutional review board (IRB) approval at Cleveland Clinic for the SMARTCOUGH-C study, a prospective, multi-site, double blind study that will evaluate the efficacy of the ResAppDx software application in the diagnosis of childhood pneumonia and other respiratory conditions from cough sounds. The study aims to recruit up to 1,111 patients between the ages of 29 days and 12 years. The co-primary efficacy endpoints of the study are the diagnosis of pneumonia compared to radiologic and clinical diagnosis. Secondary endpoints are diagnosis of other common childhood respiratory diseases such as upper respiratory tract infection, croup, bronchiolitis and asthma/reactive airways disease compared with a clinical diagnosis. Three US hospital sites are participating in the study and the study is registered on the US National Institutes of Health clinical trials database at clinicaltrials.gov (NCT02973282).

The Company subsequently announced that it had also received IRB approval at the Massachusetts General Hospital for the SMARTCOUGH-C study on 11 November 2016 and at Baylor College of Medicine and Texas Children's Hospital on 16 November 2016.

On 9 December 2016 the Company announced the initiation of its SMARTCOUGH-C study and that the first patients had been enrolled.

Corporate Review

In July 2016, the Company issued a total of 1,125,000 Shares on the conversion of 1,125,000 unlisted options at \$0.026 per share.

On 16 September 2016 the Company issued 2 million Employee Incentive Options (exercisable at \$0.45, expiring 16 September 2019) pursuant to the terms of the Company's Employee Incentive Plan. The Company also issued 2 million Consultancy Incentive Options (exercisable at \$0.45, expiring 16 September 2019) and 2 million Consultancy Incentive Options (exercisable at \$0.75, expiring 16 September 2019) which were issued as part consideration for consultancy services provided.

In addition, on 16 September 2016 the Company issued 187,500 Shares on the conversion of 187,500 Unlisted Options (exercisable at \$0.026; expiring 31 December 2016).

On 10 November 2016 the Company issued 7.2 million Tranche 1 Director Incentive Options (exercisable at \$0.45, expiring 10 November 2019) and 7.4 million Tranche 2 Director Incentive Options (exercisable at \$0.75, expiring 10 November 2019), as approved by Shareholders at the Company's Annual General Meeting on 2 November 2016.

On 9 November 2016 the Company confirmed the appointment of new auditors Grant Thornton Audit Pty Ltd replacing Greenwich & Co Audit Pty Ltd.

On 16 December 2016 the Company issued 5,250,000 Shares on conversion of 5,250,000 Unlisted Options (exercisable at \$0.026 on or before 31 December 2016).

Subsequent Events

On 10 January 2017 the Company announced that it had entered into a two-year expanded research collaboration with Massachusetts General Hospital (MGH) alongside MGH's participation in the Company's SMARTCOUGH-C study. Working together, the Company and MGH will perform additional analysis of the SMARTCOUGH-C study data, use the SMARTCOUGH-C dataset to investigate the state of respiratory disease clinical practice today

DIRECTORS' REPORT

and evaluate the efficacy of the Company's cough-based diagnostic test in additional respiratory disease indications.

On 14 February 2017 the Company issued 250,000 Options (exercisable at \$0.45; expiring 31 October 2020) and 500,000 Options (exercisable at \$0.45; expiring 12 December 2020) pursuant to the terms of the Company's Employee Incentive Plan.

Except for the events noted above, no material events have occurred subsequent to the reporting date.

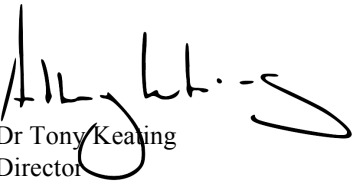
Dividends

No dividend has been proposed or paid.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of this report.

Signed in accordance with a resolution of the directors



Dr Tony Keating
Director

Brisbane
28th day of February 2017

Level 1
10 Kings Park Road
West Perth WA 6005

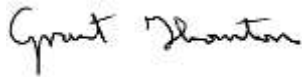
Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**Auditor's Independence Declaration
To The Directors of ResApp Health Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of ResApp Health Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 28 February 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

**Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
 for the half year ended 31 December 2016**

	Note	Consolidated	
		31 Dec 2016 \$	31 Dec 2015 \$
Interest revenue		66,547	32,899
Administration expenses		(1,172,381)	(546,683)
Research and development costs		(1,300,113)	(551,723)
Share based payment expense	6	(4,942,922)	(434,518)
Amortisation	4	(202,372)	-
Finance costs		(2,037)	(923)
(Loss)/Profit before income tax		(7,553,278)	(1,500,948)
Income tax benefit		-	-
(Loss)/Profit for the half year		(7,553,278)	(1,500,948)
Other comprehensive income for the half year		-	-
Total comprehensive income for the half year		(7,553,278)	(1,500,948)
Loss per share attributable to the members of ResApp Health Limited (basic and diluted) (cents)		(1.16)	(0.32)

The above Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Financial Position
 as at 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$	30 June 2016 \$
Current assets			
Cash and cash equivalents		12,171,124	13,735,219
Trade receivables		67,877	100,495
Other receivables		24,880	20,890
Other assets		56,595	6,231
Total current assets		12,320,476	13,862,835
Non-current assets			
Intangibles (net)	4	2,226,087	2,428,459
Total non-current assets		2,226,087	2,428,459
Total assets		14,546,563	16,291,294
Current liabilities			
Trade and other payables		816,439	221,550
Annual leave provision		28,434	23,386
Total current liabilities		844,873	244,936
Total liabilities		844,873	244,936
Net assets		13,701,690	16,046,358
Equity			
Issued capital	5	21,781,211	21,515,523
Equity-settled benefits reserves	6	6,200,892	1,257,970
Accumulated losses		(14,280,413)	(6,727,135)
Total equity		13,701,690	16,046,358

The above Consolidated Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Changes in Equity
 for the half year ended 31 December 2016

	Fully paid ordinary shares \$	Equity-settled benefits reserve \$	Accumulated losses \$	Total \$
Balance at 30 June 2015	4,004,499	-	(3,519,558)	484,941
Comprehensive Income				
Loss for the half year	-	-	(1,500,948)	(1,500,948)
Total comprehensive income for the half year	-	-	(1,500,948)	(1,500,948)
Transactions with owners, in their capacity as owners, and other transfers				
Options issued during the half year	-	434,518	-	434,518
Shares issued during the half year	6,250,000	-	-	6,250,000
Costs directly attributable to issue of share capital	(280,460)	-	-	(280,460)
Total transactions with owners and other transfers	5,969,540	434,518	-	6,404,058
Balance at 31 Dec 2015	9,974,039	434,518	(5,020,506)	5,388,051
Balance at 30 June 2016	21,515,523	1,257,970	(6,727,135)	16,046,358
Comprehensive Income				
Loss for the half year	-	-	(7,553,278)	(7,553,278)
Total comprehensive income for the half year	-	-	(7,553,278)	(7,553,278)
Transactions with owners, in their capacity as owners, and other transfers				
Options issued during the half year	-	4,942,922	-	4,942,922
Shares issued during the half year	265,688	-	-	265,688
Costs directly attributable to issue of share capital	-	-	-	-
Total transactions with owners and other transfers	265,688	4,942,922	-	5,208,610
Balance at 31 Dec 2016	21,781,211	6,200,892	(14,280,413)	13,701,690

The above Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Cash Flows
 for the half year ended 31 December 2016

	Consolidated	
	Note	31 Dec 2015
	31 Dec 2016	31 Dec 2015
	\$	\$
Cash flows from operating activities		
Cash payments to suppliers and employees	(1,890,303)	(1,135,314)
Interest paid	(2,037)	(923)
Interest received	62,557	22,749
Net cash flows used in operating activities	(1,829,783)	(1,113,488)
Cash flows from investing activities		
Cash received on acquisition of ResApp Diagnostics	-	31,872
Net cash flows provided by investing activities	-	31,872
Cash flows from financing activities		
Proceeds from issue of share capital	265,688	5,000
Costs of capital raising	-	(337,524)
Net cash flows (used in)/provided by financing activities	265,688	(332,524)
Net (decrease)/increase in cash and cash equivalents	(1,564,095)	(1,414,140)
Cash and cash equivalents at the beginning of the financial half-year	13,735,219	4,097,129
Cash and cash equivalents at the end of the financial half-year	12,171,124	2,682,989

The above Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Consolidated Interim Notes to the Financial Statements
 for the half year ended 31 December 2016**

Note 1 Statement of Compliance and Basis of Preparation

Statement of Compliance

These half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by ResApp Health Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Company and are consistent with those in the June 2016 financial report. The half-year report does not include full disclosures of the type normally included in an annual financial report.

Note 2 Significant Accounting Policies

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Note 3 Adoption of New and Revised Australian Accounting Standards

The Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory or became available for early adoption in the current period. None of the Standards adopted had a material impact upon these financial statements.

Note 4 Intangibles

	Consolidated	
	31 Dec 2016	30 June 2016
	\$	\$
Licensed IP (gross)	2,428,459	2,428,459
Amortisation	(202,372)	-
Total Intangibles (net)	2,226,087	2,428,459

The Licensed IP developed (and owned) by UQ and licensed to ResApp via UniQuest includes patent applications filed in five countries as well as those countries encompassed by the European Patent Convention. The patent applications all claim a priority date of 29/3/2012. The following table summarises the patent applications.

Country	Application Number	Title
Australia	2013239327	A method and apparatus for processing patient sounds
United States	14/389291	A method and apparatus for processing patient sounds
Europe	13768257.1	A method and apparatus for processing patient sounds
Japan	2015-502020	A method and apparatus for processing patient sounds
China	201380028268.X	A method and apparatus for processing patient sounds
Korea	10-2014-7030062	A method and apparatus for processing patient sounds

**Consolidated Interim Notes to the Financial Statements
 for the half year ended 31 December 2016**

Note 4 Intangibles (continued)

In addition to these patent applications, ResApp has an exclusive license of the know-how (and trade secrets) in the set of mathematical features and classifier technology used for the diagnosis and severity measurement of pneumonia, asthma and COPD developed by the research team at UQ.

Subsequent measurement

All intangible assets are accounting for using the cost model whereby costs are amortised on a straight line basis over their estimated useful lives, as these assets are considered finite. The Company has ascribed an estimated useful life of the intangibles of 18 years from the date of acquisition, which is based on the expected usage and benefits derived over the patents' useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

Note 5 Issued Capital

	No	\$
Fully paid ordinary shares and authorised capital		
Balance as at 1 July 2015	249,273,353	4,004,499
Issue of fully paid ordinary shares on 2 July 2015 ¹	200,000,000	4,000,000
Issue of fully paid ordinary shares on 2 July 2015 ¹	93,750,000	1,875,000
Issue of fully paid ordinary shares on 2 July 2015 ¹	18,749,000	375,000
Costs directly attributable to issue of share capital	-	(280,460)
Balance as at 31 December 2015	<u>561,773,353</u>	<u>9,974,039</u>
Balance as at 1 July 2016	648,820,852	21,515,523
Issue of fully paid ordinary shares on 15 July 2016 ²	375,000	9,750
Issue of fully paid ordinary shares on 22 July 2016 ³	750,000	19,500
Issue of fully paid ordinary shares on 16 September 2016 ⁴	187,500	4,875
Issue of fully paid ordinary shares on 7 October 2016 ⁵	2,437,500	63,375
Issue of fully paid ordinary shares on 26 October 2016 ⁶	1,218,750	31,688
Issue of fully paid ordinary shares on 16 December 2016 ⁷	5,250,000	136,500
Costs directly attributable to issue of share capital	-	-
Balance as at 31 December 2016	<u>659,039,602</u>	<u>21,781,211</u>

¹Pursuant to the Company's replacement Prospectus dated 26 May 2015, the Company issued 200,000,000 shares under the Public Offer, 18,749,999 shares under the Facilitation Offer and 93,750,000 shares under the Vendor Offer.

²On 15 July 2016, 375,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

³On 22 July 2016, 750,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

⁴On 16 September 2016, 187,500 shares were issued on the conversion of unlisted options at \$0.026 per share.

⁵On 7 October 2016, 2,437,500 shares were issued on the conversion of unlisted options at \$0.026 per share.

⁶On 26 October 2016, 1,218,750 shares were issued on the conversion of unlisted options at \$0.026 per share.

⁷On 16 December 2016, 2,250,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

**Consolidated Interim Notes to the Financial Statements
 for the half year ended 31 December 2016**

Note 6 Equity-Settled Benefits Reserve

	\$
Options for fully paid ordinary shares and authorised capital	
Balance as at 1 July 2015	-
Fair value of options issued and expensed to profit and loss ¹	434,518
Balance as at 31 December 2015	434,518
	\$
Options for fully paid ordinary shares and authorised capital	
Balance as at 1 July 2016	1,257,970
Fair value of options issued and expensed to profit and loss ²	4,942,922
Balance as at 31 December 2016	6,200,892

¹ During the six month period ended 31 December 2015, ResApp Health Limited issued the following unlisted options which were expensed as share based payments:

- 5,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.025.
- 5,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.05.
- 10,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.10.
- 3,000,000 unlisted options were issued to Dr Udantha Abeyratne on 22 September 2015, as approved by Shareholders at the General Meeting held on 30 November 2015. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.05.
- 2,000,000 unlisted options were issued to Dr Udantha Abeyratne on 22 September 2015, as approved by Shareholders at the General Meeting held on 30 November 2015. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.10.

² During the six month period ended 31 December 2016, ResApp Health Limited issued the following options which were expensed as share based payments:

- 2,000,000 Employee Incentive Options were issued to Employees on 16 September 2016 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at \$0.45 and expire on 16 September 2019. One third of the Employee Incentive Options vest immediately with the remaining two thirds vesting in equal quarterly instalments over 2 years from the date of issue if the employee remains employed by the Company. The options are valued for the vesting period as at 31 December 2016.
- 2,000,000 Consultancy Incentive Options were issued to consultants on 16 September 2016, being exercisable at \$0.45 and expiring on 16 September 2019.
- 2,000,000 Consultancy Incentive Options were issued to consultants on 16 September 2016, being exercisable at \$0.75 and expiring on 16 September 2019.
- 7,200,000 Director Incentive Options were issued to Directors on 10 November 2016, being exercisable at \$0.45 and expiring on 10 November 2019, as approved by Shareholders at the Company's Annual General Meeting on 2 November 2016.
- 7,400,000 Director Incentive Options were issued to Directors on 10 November 2016, being exercisable at \$0.75 and expiring on 10 November 2019, as approved by Shareholders at the Company's Annual General Meeting on 2 November 2016.

**Consolidated Interim Notes to the Financial Statements
 for the half year ended 31 December 2016**

Note 6 Equity-Settled Benefits Reserve (continued)

The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model. The following table sets out the assumptions made in determining the fair value of the options granted.

	Options expiring 2-Jul-20	Options expiring 2-Jul-20	Options expiring 2-Jul-20	Options expiring 22-Sep-20	Options expiring 22-Sep-20	Options expiring 29-Apr-19
Grant date	2-Jul-15	2-Jul-15	2-Jul-15	22-Sep-15	22-Sep-15	29-Apr-16
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	110%	110%	110%	110%	110%	110%
Risk-free interest rate	1.92%	1.92%	1.92%	1.92%	1.92%	2.00%
Option exercise price	\$0.025	\$ 0.05	\$0.10	\$0.05	\$0.10	\$0.28
Expected life (years)	5	5	5	5	5	3
Share price on date of grant	\$0.021	\$ 0.021	\$0.021	\$0.03	\$0.03	\$0.210
Value attributable to the options in the equity settled benefits reserve at 31 Dec 16	\$95,000	\$85,000	\$150,000	\$66,006	\$38,512	\$585,445
	Options expiring 29-Apr-19	Options expiring 16-Sep-19	Options expiring 16-Sep-19	Options expiring 16-Sep-19	Options expiring 10-Nov-19	Options expiring 11-Nov-19
Grant date	29-Apr-16	16-Sep-16	16-Sep-16	16-Sep-16	10-Nov-16	11-Nov-16
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	110%	100%	100%	100%	100%	100%
Risk-free interest rate	2.00%	1.48%	1.48%	1.48%	1.48%	1.48%
Option exercise price	\$0.30	\$ 0.45	\$ 0.45	\$0.75	\$0.45	\$0.75
Expected life (years)	3	3	3	3	3	3
Share price on date of grant	\$0.210	\$ 0.430	\$ 0.430	\$0.430	\$0.440	\$0.440
Value attributable to the options in the equity settled benefits reserve at 31 Dec 16	\$238,007	\$219,772*	\$527,454	\$439,545	\$2,263,728	\$2,072,801

Note 7 Segment Reporting

The Group has identified its operating segment as medical technology and is used by the board of directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary consolidated statements forming the interim financial report for the half-year ended 31 December 2016.

**Consolidated Interim Notes to the Financial Statements
 for the half year ended 31 December 2016**

Note 8 Commitments and Contingent Liabilities

	Consolidated	
	31 Dec 2016	30 June 2016
	\$	\$
Operating lease commitments		
Not later than 1 year	64,719	68,463
Later than 1 year but not later than 5 years	193,846	203,838
Total operating lease commitments	258,565	272,301
Company secretary commitments		
Not later than 1 year	16,000	32,000
Total company secretarial commitments	16,000	32,000
Research expenditure commitments		
Not later than 1 year	754,121	170,376
Later than 1 year but not later than 5 years	152,608	492,141
Total research expenditure commitments	906,728	662,517
Clinical study commitments		
Not later than 1 year	594,005	-
Later than 1 year but not later than 5 years	-	-
Total clinical study commitments	594,005	-
	Consolidated	
	31 Dec 2016	30 June 2016
	USD	USD
Clinical study commitments		
Not later than 1 year	1,403,869	-
Later than 1 year but not later than 5 years	210,492	-
Total clinical study commitments	1,614,360	-

As at 31 December 2016 the Company had no known contingent liabilities.

**Consolidated Interim Notes to the Financial Statements
for the half year ended 31 December 2016**

Note 9 Subsequent Events

On 10 January 2017 the Company announced that it had entered into a two-year expanded research collaboration with Massachusetts General Hospital (MGH) alongside MGH's participation in the Company's SMARTCOUGH-C study. Working together, the Company and MGH will perform additional analysis of the SMARTCOUGH-C study data, use the SMARTCOUGH-C dataset to investigate the state of respiratory disease clinical practice today and evaluate the efficacy of the Company's cough-based diagnostic test in additional respiratory disease indications.

On 14 February 2017 the Company issued 250,000 Options (exercisable at \$0.45; expiring 31 October 2020) and 500,000 Options (exercisable at \$0.45; expiring 12 December 2020) pursuant to the terms of the Company's Employee Incentive Plan.

Except for the events noted above, no material events have occurred subsequent to the reporting date.

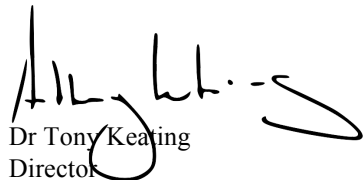
Directors' Declaration

The directors of the Group declare that:

- (1) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- (2) The directors' opinion that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



Dr Tony Keating
Director

Brisbane
28th day of February 2017

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RESAPP HEALTH LIMITED

We have reviewed the accompanying half-year financial report of ResApp Health Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of ResApp Health Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the ResApp Health Limited consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ResApp Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

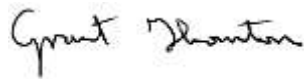
Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ResApp Health Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 28 February 2017